

Program A: Oil and Gas Regulatory

Program Authorization: La. Const.: Article IX, Sec.1; R.S. 36:351; 30:1

PROGRAM DESCRIPTION

Mineral property rights are important to the economy of Louisiana. A system of regulations is required to ensure that the rights of all parties in the exploration and production of oil and gas can be respected. To this end, this program pursues its mission of regulating the exploration and production of oil and gas under the guidance of and in support of the Commissioner of Conservation. This effort requires extensive geological and engineering study of requests for new wells, unitization requests and other activities related to mineral exploration and production as well as the maintenance of a depository of records. The mission of this program is to protect the correlative rights of all parties involved in the exploration and production of oil and gas resources while minimizing the waste of these mineral resources and of capital investments to acquire them. The goal of this program is to serve the citizens of Louisiana by managing and preserving non-recurring natural resources in the state. This program contains three activities: Oil and Gas Regulation, Remote Site Services, and Plug and Abandoned. The one activity of this program is: Oil and Gas Regulatory.

OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2001-2002. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

1. (KEY) To demonstrate success in protecting the correlative rights of all parties involved in oil and gas exploration and production by ensuring that 96% of Conservation Orders from oil and gas hearings are issued within thirty days; that 98% of critical date requests are issued within the requested time frame; and that 99% of all oil and gas Conservation Orders result in no legal challenges.

Strategic Link: Goal I; Objective I.1 : *To manage a program that provides an opportunity to protect the correlative rights of all parties involved in oil and gas exploration.*

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE	ACTUAL YEAREND	ACT 11 PERFORMANCE	EXISTING PERFORMANCE	AT CONTINUATION	AT RECOMMENDED
		STANDARD	PERFORMANCE	STANDARD	STANDARD	BUDGET LEVEL	BUDGET LEVEL
		FY 1999-2000	FY 1999-2000	FY 2000-2001	FY 2000-2001	FY 2001-2002	FY 2001-2002
K	Percentage of orders issued within thirty days of hearing	95%	98%	86%	96%	96%	96%
K	Percentage of critical date requests issued within time frame	98%	100%	94%	98%	98%	98%
K	Percentage of Conservation Orders issued with no legal challenges	Not applicable ¹	100%	97%	99%	99%	99%
S	Number of permits to drill and amend	9,700	10,113	8,400	10,500	10,500	9,000

¹ This indicator was not adopted as a standard in the year indicated.

2. (KEY) To restore 170 orphaned well sites to prevent environmental degradation.

Strategic Link: Goal I; Objective I.2: *To restore 800 orphan well sites across the state by 2003.*

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND	ACTUAL	ACT 11	EXISTING	AT	AT
		PERFORMANCE	YEAREND	PERFORMANCE	PERFORMANCE	CONTINUATION	RECOMMENDED
		STANDARD	PERFORMANCE	STANDARD	STANDARD	BUDGET LEVEL	BUDGET LEVEL
		FY 1999-2000	FY 1999-2000	FY 2000-2001	FY 2000-2001	FY 2001-2002	FY 2001-2002
K	Number of orphaned well sites restored during fiscal year	160	173	170	185	185	170
S	Newly identified orphaned well sites during fiscal year	450	461	550	550 ¹	450	450
S	Wells restored by other means ²	Not applicable ³	293	Not applicable ³	Not applicable ^{3,4}	265	280
S	Unrestored orphaned well sites	2,900	3,071	3,200	3,200	3,200	3,200
S	Number of field inspections	9,000	13,099	12,000	12,000	12,000	10,800
S	Number of field violation compliance orders	400	512	400	425	500	450

¹ The program anticipates that the actual number of newly identified orphaned well sites will be approximately 450.

² This indicator refers to identified orphaned wells which are removed as a threat to public safety by private industry or by discovery that they have been properly abandoned.

³ This indicator was not adopted as a standard in the year indicated.

⁴ The program anticipates that the actual number of wells restored by other means will be approximately 236.

3. (KEY) To ensure that accurate information is provided to the public and industry, the program will validate (and correct when necessary) 95% of newly permitted well locations.

Strategic Link: Goal II; Objective II.1: *To validate and/or correct geographic data associated with well locations through and beyond 2004.*

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND	ACTUAL	ACT 11	EXISTING	AT	AT
		PERFORMANCE	YEAREND	PERFORMANCE	PERFORMANCE	CONTINUATION	RECOMMENDED
		STANDARD	PERFORMANCE	STANDARD	STANDARD	BUDGET LEVEL	BUDGET LEVEL
		FY 1999-2000	FY 1999-2000	FY 2000-2001	FY 2000-2001	FY 2001-2002	FY 2001-2002
K	Percentage of newly permitted well locations validated ¹	Not applicable ²	0%	Not applicable ²	Not applicable ²	95%	95%

¹ This project will begin during FY 2001/2002.

² This indicator was not adopted as a standard in the year indicated.

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1999 - 2000	ACT 11 2000 - 2001	EXISTING 2000 - 2001	CONTINUATION 2001 - 2002	RECOMMENDED 2001 - 2002	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$1,303,546	\$257,961	\$257,961	\$176,309	\$653,513	\$395,552
STATE GENERAL FUND BY:						
Interagency Transfers	1,713,608	2,458,000	2,458,000	2,458,000	2,458,000	0
Fees & Self-gen. Revenues	1,543,970	20,000	20,000	10,355	20,000	0
Statutory Dedications	3,507,350	5,671,481	6,237,236	6,492,977	6,579,755	342,519
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
TOTAL MEANS OF FINANCING	\$8,068,474	\$8,407,442	\$8,973,197	\$9,137,641	\$9,711,268	\$738,071
EXPENDITURES & REQUEST:						
Salaries	\$4,336,778	\$4,161,047	\$4,461,325	\$4,478,634	\$4,421,738	(\$39,587)
Other Compensation	148,858	27,456	27,456	27,456	27,456	0
Related Benefits	969,953	971,597	1,024,074	1,026,324	1,075,169	51,095
Total Operating Expenses	725,157	777,350	920,350	924,587	882,633	(37,717)
Professional Services	0	0	0	0	0	0
Total Other Charges	1,842,940	2,421,385	2,421,385	2,421,385	3,045,017	623,632
Total Acq. & Major Repairs	44,788	48,607	118,607	259,255	259,255	140,648
TOTAL EXPENDITURES AND REQUEST	\$8,068,474	\$8,407,442	\$8,973,197	\$9,137,641	\$9,711,268	\$738,071
AUTHORIZED FULL-TIME EQUIVALENTS: Classified	131	117	131	131	126	(5)
Unclassified	1	1	1	1	1	0
TOTAL	132	118	132	132	127	(5)

SOURCE OF FUNDING

This program is funded State General Fund Direct, Interagency Transfers, Fees and Self-generated Revenues and Statutory Dedications. The Interagency Transfers are from the Oil Spill Contingency Fund (Act 7 of the First Extraordinary Session of 1991) for abatement of certain unauthorized discharges or the threat of discharges in cases in which the commissioner certifies that a viable responsible party cannot be located. Fees and Self-generated Revenues are derived from application fees, regulatory fees and the sale of publications. The Statutory Dedications are derived from the Oil and Gas Regulatory Fund (Act 826 of 1997) for the deposit of the collection of Capable Oil and Capable Gas Production, Class I and Class II Injection Wells fees. (Per R.S. 39:32B. (8), see table below for a listing of expenditures out of each statutory dedicated fund.)

	ACTUAL 1999- 2000	ACT 11 2000 - 2001	EXISTING 2000 - 2001	CONTINUATION 2001 - 2002	RECOMMENDED 2001 - 2002	RECOMMENDED OVER/(UNDER) EXISTING
Oil and Gas Regulatory Fund	\$3,507,350	\$5,671,481	\$6,237,236	\$6,492,977	\$6,579,755	\$342,519

ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$257,961	\$8,407,442	118	ACT 11 FISCAL YEAR 2000-2001
			BA-7 TRANSACTIONS:
\$0	\$565,755	14	Restoration of (14) fourteen positions in the Oil and Gas Program
\$257,961	\$8,973,197	132	EXISTING OPERATING BUDGET – December 15, 2000
\$0	\$76,848	0	Annualization of FY 2000-2001 Classified State Employees Merit Increase
\$0	\$46,434	0	Classified State Employees Merit Increases for FY 2001 -2002
(\$9,453)	(\$37,717)	0	Risk Management Adjustment
\$0	\$259,255	0	Acquisitions & Major Repairs
(\$45,846)	(\$118,607)	0	Non-Recurring Acquisitions & Major Repairs
\$0	\$11,616	0	Rent in State-Owned Buildings
(\$8,606)	(\$8,606)	0	Maintenance of State-Owned Buildings
(\$30,080)	(\$103,723)	0	Salary Base Adjustment
(\$29,353)	(\$98,456)	(3)	Attrition Adjustment
(\$334,484)	(\$334,484)	(10)	Personnel Reductions
(\$2,047)	(\$2,047)	0	Civil Service Fees
\$622,669	\$622,669	0	Funding provided for rent expense to be transferred to the Office of the Secretary for the move to the LaSalle Building
\$0	\$49,278	0	Retirees Insurance Premium adjustment

\$0	\$142,859	3	Technical adjustment transferring 3 positions from the Public Safety Program to the Oil and Gas Program
\$232,752	\$232,752	5	Funding provided for operational support in the Oil and Gas Program
\$653,513	\$9,711,268	127	GRAND TOTAL RECOMMENDED

The total means of financing for this program is recommended at 108.2% of the existing operating budget. It represents 97.0% of the total request (\$10,008,407) for this program. The 8.2% increase from the existing operating budget is due to acquisitions and major repairs, rent expense for the move to the LaSalle Building; and the transferring of three positions from the Public Safety Program to the Oil and Gas Program due to reorganization within the programs. This program does not have any positions that have been vacant for one (1) year or more.

PROFESSIONAL SERVICES

This program does not have funding for Professional Services for Fiscal Year 2001-2002.

OTHER CHARGES

\$20,000	Insurance recovery for equipment damaged by underwater obstructions
\$2,000,000	Interagency Transfer for the abatement of certain unauthorized discharges or the threat of discharges in cases in which the Commissioner certifies that a viable responsible party cannot be immediately located and provided that such funds shall only be used in the amounts for the specific purposes authorized by the Governor's Oil Spill Coordinator in accordance with procedures provided by the Oil Spill Coordinator
\$122,010	Legal services for oil and gas issues which encompass major statewide regulatory activities; preparation of motions and briefs, witness and trial preparation and appeals
\$2,142,010	SUB-TOTAL OTHER CHARGES
	Interagency Transfers:
\$726,574	DNR - Office of the Secretary for support of data processing, legal sections, and rent for the LaSalle Building
\$1,235	Division of Administration - State Register for publishing rules, etc.
\$126,208	Division of Administration - Rent in State-owned buildings (Lafayette District Office)
\$48,990	Division of Administration - Rent in State-owned buildings (Monroe District and Shreveport District Offices)
\$903,007	SUB-TOTAL INTERAGENCY TRANSFERS
\$3,045,017	TOTAL OTHER CHARGES

ACQUISITIONS AND MAJOR REPAIRS

\$109,890	(38) Computers, and GIS equipment
\$107,500	(31) GPS Receivers, (31) Digital Cameras, (6) Magnetometers, (1) replacement boat, (1) replacement truck
\$23,115	(3) ATV's
\$18,750	(1) Thermal Plotter, (1) SCSI Board, (1) Fan Fold Option, and (1) Feed Scanner
\$259,255	TOTAL ACQUISITIONS AND MAJOR REPAIRS